

28 September 1971

Economic and Military Reconstruction in
North Vietnam During August 1971

This monthly report reviews economic developments within North Vietnam, including the receipt of economic and military aid and the construction of military facilities.. These developments are selected on the basis of their relevance to North Vietnam's ability to continue supporting the war in Indochina and to restore the economy, and thus to their possible effect on the country's desire or need to negotiate a settlement of the current conflict.

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Flood's Aftermath

1. It is now evident that the cumulative impact of flooding in North Vietnam's Red River Delta will be somewhat more serious than estimated in the preliminary assessment.*

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[redacted] confirms that the areas flooded on 30 August are largely still inundated, as was the city of Hai Duong. Hanoi admits that "some" areas were inundated as late as 20 September. Recapitulation of the rainfall from 1 July to 20 August indicates that it was unprecedented in this century and that prolonged soaking caused extensive breaching in the dike system, numbering some 300 to 600 breaks of varying sizes. Much of the flooded rice lands have been submerged for as much as 4 weeks, when 2 weeks generally is regarded as sufficient to destroy rice plants. By the time the water does recede in these areas it probably will be too late to replant 10th month rice. In this connection, the press since late August seems to have shifted emphasis from replanting rice as soon as possible, to planting anything that can be grown when the fields are dry. Under these circumstances there is little prospect of salvaging a significant part of flooded rice lands and losses of this crop probably will approach the maximum estimate of 300,000 tons of polished rice.

* Preliminary Appraisal of the Effects of Recent Floods in North Vietnam, ER IM 71-182, Sep 1971.

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2. Transportation arteries continue to be obstructed by the effects of flooding. Press commentary stresses the need to carefully inspect the foundations of bridges for signs of undermining before they are put back into service. Priority efforts are going to the "strategic" transportation arteries.

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the Hanoi-Dong Dang railroad is still inundated in two places. The destination thus far for all rail shipments involving flood relief supplies is Dong Anh Station, which could be reached by diverting traffic at Kep to Thai Nguyen and thence to Dong Anh, north of Hanoi. [redacted] numerous cuts in the delta's secondary road system, a cut in the Hanoi-Lao Cai rail line near Viet Tri, and a cut in the Hanoi-Haiphong rail line. In view of these lingering obstructions, it seems unlikely that all main transport arteries can be restored before the end of September, and secondary arteries probably will require additional weeks.

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3. In other aspects of the flood situation, annual conditioning and adequate warning undoubtedly has limited the number of deaths. Hanoi flatly claims that "casualties are insignificant." Industrial installations received little physical damage, although considerable disruption apparently has occurred as a result of transportation bottlenecks and

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other side effects hampering production. Due to industrial production forgone, there is now a probability that industrial output will not reach pre-bombing levels in 1971 as had been anticipated by the Regime in mid-summer.

Construction

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4. [redacted] reconstruction of the Bac Giang Chemical Fertilizer Plant is in progress. This plant is believed to have been almost ready to go into service when it suffered minor bomb damage in the spring of 1967. Since then the installation has lain dormant while its intended product, nitrogenous fertilizer, had to be imported from Japan and the USSR. Postponement of reconstruction until now possibly was related shortages of domestic coal, which is to be used as the plant's production charge stock. Capacity of the Bac Giang complex will be sufficient to almost eliminate imports of nitrogenous fertilizer.

5. Identification of a new petroleum pipeline trace indicates that North Vietnam is expanding its POL pipeline system, apparently to connect the major oil import areas in the north with the consuming areas in the southern panhandle and in Laos.

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[redacted] about 75 miles of new pipeline extending northward from about 45 miles south of Thanh Hoa to the vicinity of Ninh Binh. [redacted]

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[redacted] another 13-mile stretch in May 1971 extending north-

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west of Nam Dinh to within 18 miles of Hanoi.

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6. Petroleum imports currently are delivered to Haiphong and then transshipped by small tankers or coastal barge to service points of the southern pipeline system at Vinh and Quang Khe. A second, dual pipeline system is under construction from Va Chai (near Hon Gai) westward to within 40 miles of Hanoi. The orientation of these two systems, viewed in connection with the newly discovered pipeline under construction, suggests that the entire network of pipelines ultimately will be joined together in the Hanoi area. About 100 miles of pipeline remains to be constructed before such an integrated network could function.

Aid

7. Communist China signed an agreement on 27 September providing economic and military aid for North Vietnam in 1972. The most recent aid commitment by China to Hanoi was concluded on 4 July and was a supplement to the 1971 aid agreement signed in the fall of 1970. As usual no details of the 1972 aid pact were given. China's aid to Hanoi in recent years has been worth around \$200 million annually and has been divided about equally between economic and military goods. Renewed activity on certain Chinese sponsored industrial projects in North Vietnam, some of which had lain idle since 1968, suggests that

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more emphasis in 1972 may be placed on economic aid projects as opposed to military aid, although North Vietnam apparently is receiving all the military aid that it seeks.

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Conclusions

16. The floods that swept North Vietnam's delta region in August still inundated large areas in mid-September. The long duration of flooding diminishes prospects for salvaging damaged rice crops or for replanting rice fields in time for the 10th month harvest. Restoration of washed out main transportation arteries probably will not be completed before the end of September, and restoration of secondary arteries may take many weeks. Disruptions to industry may cause industrial output for the year to fall short of pre-bombing levels of output. Loss of life due to the floods apparently has been moderate. There are no indications that the northern floods will significantly affect dry-season military efforts.

17. Two significant developments in construction activity

[redacted] both of which may pre-date the rainy season. The southern petroleum pipeline system now apparently will be tied in with the northern pipeline being constructed westward from Hon Gai, ultimately to form an integrated pipeline system that can serve both economic and military requirements over large parts of the country.

When reconstruction of the Bac Giang Chemical Fertilizer Plant is completed, the country's dependence on foreign sources of nitrogenous fertilizer probably will be eliminated.

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18. North Vietnam's first aid agreement for 1972 was announced with Communist China, and it probably will be followed shortly by similar announcements with other Communist allies.

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